

Irish Economy Watch

AIB Treasury Economic Research Unit



07 August 2014

	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14		
MANUFACTURING									Manufacturing increases by a strong 12.8% in Q2 vs. growth of 3.3% in Q1 Mfg PMI edges up to 55.4 in July, broadly in line with Q2 avg. (55.5) - suggests economy held its momentum at start of Q3 OECD indicator remains at an encouraging level in May	
Manufacturing Output Index : seas adj	101.7	101.5	108.4	109.5	130.5	126.4	103.4	#N/A		
Mfg Output : 3 mma YoY %	4.0	4.6	5.8	10.8	21.9	27.9	24.5	#N/A		
3mth / 3mth % seas. adj.	5.1	3.1	0.5	3.3	12.6	17.6	12.8	#N/A		
Investec Manufacturing PMI	53.5	52.8	52.9	55.5	56.1	55.0	55.3	55.4		
OECD Leading Indicator	101.1	101.2	101.2	101.2	101.1	101.0	#N/A	#N/A		
SERVICES / RETAIL									The services index grew by 0.9% in Q2, although this is slower than Q1's strong +3.1% The services PMI fell to 61.3 in July, below the Q2 avg. of 62.1. Suggests growth in the sector may have slowed at the start of Q3, though remains very strong overall Car sales jump sharply in July on number plate change. Sales have been strong in 2014—up 30% year-to-date Core retail sales rose by 1.2% in Q2 after +0.6% in Q1. Strongest Qtr growth since Q1 2010	
Monthly Services Index (Value)	108.3	111.3	107.9	109.3	112.1	109.5	110.0	#N/A		
- YoY %	1.1	4.3	1.7	0.2	4.7	1.5	1.0	#N/A		
- 3mth / 3mth % seas. adj.	-1.5	1.5	2.9	3.1	1.4	1.0	0.9	#N/A		
Investec Services PMI	61.8	61.5	57.5	60.7	61.9	61.7	62.6	61.3		
SIMI Car Registrations	212	22,894	12,714	14,306	7,827	6,275	1,689	18,776		
- 12 mth cum total	74,304	79,956	82,091	84,752	86,433	86,762	86,782	93,936		
- 3 mma YoY %	-8.9	29.1	27.3	26.5	22.8	19.7	14.8	39.0		
Retail Sales Index	95.7	97.2	95.9	97.3	96.0	96.4	94.7	#N/A		
- YoY %	3.6	9.5	5.0	8.5	5.8	5.6	4.9	#N/A		
- 3mth / 3mth % seas. adj.	0.4	2.1	2.2	2.1	0.6	0.3	-1.1	#N/A		
Ex Autos Index	103.2	102.5	102.5	101.8	103.8	103.3	103.4	#N/A		
- YoY %	3.0	3.1	2.7	2.7	5.1	3.4	3.6	#N/A		
- 3mth / 3mth % seas. adj.	1.1	2.1	2.1	0.6	0.3	0.2	1.2	#N/A		
CONSTRUCTION PMI: Ulster Bank										The construction PMI averaged a very strong 61.2 in Q2 after 57.6 in Q1. Indicates fast pace of expansion Housing registrations continue to recover from very depressed levels—show year-to-date growth of 59% in June Spike in commencements in Feb ahead of new regulations in March - <i>newer data delayed</i> Completions continue to show signs of recovery—year-to-date growth at 32% in May
- Housing Activity	63.2	59.8	57.5	59.9	63.4	61.0	61.3	#N/A		
- Commercial Activity	62.3	59.4	55.5	61.3	63.6	61.4	59.4	#N/A		
- New Orders	61.8	57.4	58.1	61.7	63.8	60.0	60.2	#N/A		
- Business Expectations	79.5	78.7	79.1	77.7	80.8	74.6	76.8	#N/A		
RESIDENTIAL CONSTRUCTION ACTIVITY										
Housing Registrations: 12Mth Total	1,326	1,353	1,514	1,596	1,652	1,604	1,699	#N/A	Upward trend in mortgage approvals continued in H1. 12 month cumulative total now above 20k Transactions also continue to rise in H1. YoY growth remains strong House prices up strongly in Q2 (3.6%). YoY growth is at its fastest pace (+12.5%) in 7 years. Recovery in prices led by Dublin, but rising elsewhere too YoY growth in rents has slowed in recent months, but at 8.2% in July, it remains strong A pick-up in house prices in Q2 has impacted on affordability, though it remains at accommodative levels	
- 3 Month Avg YoY %	73.0	111.4	151.1	123.3	110.7	24.3	25.2	#N/A		
Commencements: 12mth Total	4,708	5,270	9,310	#N/A	#N/A	#N/A	#N/A	#N/A		
- 3 Month Avg YoY %	32.6	95.0	636.0	#N/A	#N/A	#N/A	#N/A	#N/A		
Completions: Month	876	676	611	803	766	1,085	#N/A	#N/A		
- 12 Mth Total	8,301	8,466	8,473	8,700	8,767	9,245	#N/A	#N/A		
HOUSING MARKET ACTIVITY										
IBF Mortgage Approvals : Month	1,457	1,259	1,476	1,622	1,858	2,185	2,263	#N/A		
- 3 Month Avg YoY %	2.9	11.4	36.2	54.6	47.7	43.3	43.1	#N/A		
- 12 Mth Total	17,058	17,549	18,038	18,597	19,155	19,760	20,505	#N/A		
RPPR Transactions : Month	2,406	1,896	2,242	2,549	2,618	2,960	3,030	#N/A		
- 3 Month Avg YoY %	-12.9	-16.4	-4.8	38.2	43.9	40.0	38.8	#N/A		
- 12 Mth Total	26,918	27,300	28,010	28,765	29,562	30,331	31,171	#N/A		
HOUSING MARKET PRICES										
CSO (Mortgaged Transactions) - MoM	0.3	-0.7	0.1	-0.7	1.5	2.3	2.9	#N/A		
- YoY %	6.4	6.3	8.1	7.8	8.5	10.6	12.5	#N/A		
Daft Asking Prices: MoM %	-0.4	3.0	-0.7	4.7	0.8	2.5	0.4	#N/A		
- YoY %	0.6	2.2	2.0	6.3	7.7	9.8	9.6	#N/A		
RENTS: CSO Private Rents - MoM%	1.0	0.6	1.2	0.8	0.2	0.4	0.5	0.0		
- YoY %	8.5	9.1	10.2	10.0	9.1	9.0	8.7	8.2		
AFFORDABILITY: Couple on Avg Industrial Wage, 92% LTV, 30Yr Mortgage : Mortgage cost as % of Disposable Income										
	15.7	15.4	15.3	15.2	15.5	15.8	16.3	#N/A		

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CONSUMER PRICES YoY %	0.2	0.2	-0.1	0.2	0.3	0.4	0.4	0.3	CPI inflation edges lower in July, remaining very subdued at 0.3%
- MoM %	0.0	-0.5	0.5	0.7	0.1	0.0	0.1	-0.2	HICP inflation rate unchanged in July at a very subdued at 0.5%
HICP - YoY %	0.4	0.3	0.1	0.3	0.4	0.4	0.5	0.5	
- MoM %	0.1	-0.6	0.7	0.6	0.0	0.0	0.2	-0.1	
PERSONAL / FINANCIAL									
KBC/ESRI Consumer Confidence	79.8	84.6	85.5	83.1	87.2	79.4	81.1	#N/A	Consumer confidence rises in June—but still off its recent highs after May's sharp fall. Overall, consumer confidence remains at an encouraging level
Credit Growth YoY %									
- Private Sector (Underlying)	-6.7	-6.7	-5.6	-6.6	-6.9	-6.7	-7.3	#N/A	Pace of decline in private sector credit edges up in June for all main aggregates
- of which : Household	-4.1	-4.1	-3.8	-3.8	-3.7	-3.7	-3.9	#N/A	
- of which : Mortgage Lending	-3.0	-3.0	-3.1	-3.1	-3.1	-3.0	-3.1	#N/A	
LABOUR MARKET									
Live Register	403,600	401,200	398,600	396,400	392,900	390,600	386,200	382,800	Further strong fall in the Live Register (3.4k) in July, now down 21k YTD. Unemployment falls to an over 5yr low of 11.5%
- Change In Month	-3,000	-2,400	-2,600	-2,200	-3,500	-2,300	-4,400	-3,400	
Unemployment Rate %	12.1	12.1	12.0	12.0	11.8	11.7	11.6	11.5	Redundancies continue their marked decline in Q2
Redundancies	1,050	737	788	700	517	461	626	#N/A	Manufacturing and services PMI employment components edge back at the start of Q3, though they both remain well up in expansionary territory
-12 Mth Total	13,628	12,135	11,415	10,735	9,581	8,810	8,496	#N/A	
PMI Employment Indices									
- Investec Manufacturing	52.8	53.9	54.9	54.6	54.5	56.4	54.1	53.9	
- Investec Services	57.6	57.3	59.4	58.5	60.0	56.6	59.6	58.8	
- Ulster Bank Construction	51.7	53.2	54.3	57.4	60.9	56.5	53.4	#N/A	
MERCHANDISE TRADE									
Export Values - 3M / 3M %	-1.1	-2.0	2.3	-3.4	-3.8	-1.9	#N/A	#N/A	Value of goods exports continued to decline in the 3 months to May, though at a slower pace
- 3MMA YoY %	-0.1	1.9	6.3	-0.9	-3.5	-1.2	#N/A	#N/A	Value of imports rises in May, while YoY growth jumps to 8%
Import Values - 3M / 3M %	2.4	-0.5	-3.8	-3.8	-2.9	4.4	#N/A	#N/A	
- 3MMA YoY %	9.0	8.9	7.3	6.8	6.4	8.0	#N/A	#N/A	
PUBLIC FINANCES									
Total Tax Receipts: Cum YTD %	3.2	-17.1	-0.1	4.7	5.6	5.6	4.9	6.4	July Exchequer Returns show tax receipts ahead of target
Voted Spending : Cum YTD %	-4.2	3.8	-3.2	-6.1	-2.3	-2.7	-2.1	7.5	Deficit on course to come in well below its 4.8% target in 2014
Exchequer Bal: 12 Mth Total €m	-11,497	-13,343	-12,238	-10,118	-10,107	-9,671	-9,842	-11,511	

QUARTERLY DATA

	Q2-12	Q3-12	Q4-12	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	
GDP - YoY %	-2.6	-0.7	1.1	0.3	-0.2	1.8	-1.2	4.1	GDP jumps by 2.7% in Q1—up 4.1% YoY. Boosted by exports
- QoQ% seas. adj.	0.3	0.4	2.8	-3.5	0.7	1.8	-0.1	2.7	Growth in exports was strong in Q1 (+7.4% YoY) - as pharma sector begins to recover. Imports also rise (+5.9% YoY)
Total Exports - Volume YoY %	4.6	3.5	3.7	-2.3	1.5	1.5	3.8	7.4	
Total Imports - Volume YoY %	8.6	7.8	5.6	-2.9	-0.4	1.4	4.4	5.9	
EMPLOYMENT & EARNINGS									
Employment YoY %	-1.4	-0.2	0.1	1.1	1.8	3.2	3.3	2.3	Employment up +2.3% YoY in Q1. Employment now growing YoY for 6 consecutive quarters
Labour Force YoY %	-0.9	-0.4	-0.8	-0.4	0.5	0.8	0.9	0.4	Labour force up by 0.4% in Q1. Now 4 consecutive quarters of growth
Average Earnings YoY %									Earnings continue to fall in Q1, -0.4% on a weekly basis. Driven by YoY decline in public sector pay
- Hourly	0.3	1.0	-0.6	0.2	0.2	-2.0	-0.7	-0.5	
- Weekly	0.7	0.6	-0.8	-0.6	0.4	-2.1	-0.4	-0.4	
Weekly Earnings YoY %									
- Private Sector	0.4	1.2	0.1	0.0	1.1	-1.2	0.3	0.7	
- Public Sector	2.6	1.0	0.3	-0.2	1.2	-1.3	-1.5	-1.8	



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